

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 16-17	Business Unit 5180 0530	Department Social Service CHHSA, Office of Systems Integration	Priority No. CDSS-306
Budget Request Name 5180-306-BCP-BR-2016-A1 0530-306-BCP-BR-2016-A1		Program 4275-SOCIAL SERVICES	Subprogram 4275019-CHILDREN ADULT SERVICES & LICENSING

Budget Request Description
Child Welfare Digital Services

Budget Request Summary

The departments involved in the Child Welfare Digital Services (CWDS) effort request an augmentation of \$32.1 million in combined state and federal funding for the California Department of Social Services' (CDSS) local assistance costs as well as \$28.66 million in expenditure authority for the Office of Systems Integration (OSI) to develop and implement Child Welfare Services – New System (CWS-NS) inclusive of children's residential facility licensing functionality, to replace the existing Child Welfare Services Case Management System (CWS/CMS). This funding will be available until project completion and reviewed on an annual basis. Additionally, budget bill language is being requested which will allow for increased project funding beyond the appropriation authority, funds to be transferred to state operations for project related activities, and provides accountability via reporting requirements as specified in associated proposed budget bill language.

Requires Legislation <input checked="" type="radio"/> Yes <input type="radio"/> No	Code Section(s) to be Added/Amended/Repealed Add as uncoded	
Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Kären Cagle <i>Kären Cagle</i>	Date <i>3/22/16</i>

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

☐ FSR ☒ SPR Project No: 0530-211 Date: 04/01/2014

If proposal affects another department, does other department concur with proposal? ☒ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Kevin Gaines	Date	Reviewed By Greg Rose <i>Greg Rose</i>	Date <i>3/24/16</i>
Department Director <i>Chris Seary for</i>	Date <i>3/23/16</i>	Agency Secretary <i>G.P. C.</i>	Date <i>3/23/16</i>

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☒ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☒ Dept. of Technology

CP Type: ☐ Policy ☒ Workload Budget per Government Code 13308.05

PPBA <i>Yong</i>	Date submitted to the Legislature <i>April 1, 2016</i>
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BCP Fiscal Detail Sheet

BCP Title: Child Welfare Digital Services

DP Name: 5180-306-BCP-DP-2016-A1

Budget Request Summary

FY16

	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5432 - Grants and Subventions/Governmental	0	32,074	32,074	32,074	32,074	32,074
Total Operating Expenses and Equipment	\$0	\$32,074	\$32,074	\$32,074	\$32,074	\$32,074
Total Budget Request	\$0	\$32,074	\$32,074	\$32,074	\$32,074	\$32,074

Fund Summary

Fund Source - Local Assistance

0001 - General Fund

0890 - Federal Trust Fund

0	16,037	16,037	16,037	16,037	16,037	16,037
0	16,037	16,037	16,037	16,037	16,037	16,037
Total Local Assistance Expenditures	\$0	\$32,074	\$32,074	\$32,074	\$32,074	\$32,074
Total All Funds	\$0	\$32,074	\$32,074	\$32,074	\$32,074	\$32,074

Program Summary

Program Funding

4275019 - Children & Adult Serv & Licsen

0	32,074	32,074	32,074	32,074	32,074	32,074
Total All Programs	\$0	\$32,074	\$32,074	\$32,074	\$32,074	\$32,074

(DOLLARS IN THOUSANDS)

BCP Fiscal Detail Sheet

BCP Title: Child Welfare Digital Services

DP Name: 0530-306-BCP-DP-2016-A1

Budget Request Summary

Salaries and Wages

Earnings - Temporary Help

Total Salaries and Wages

Total Staff Benefits

Total Personal Services

Operating Expenses and Equipment

5301 - General Expense

5324 - Facilities Operation

5340 - Consulting and Professional Services - External

5344 - Consolidated Data Centers

Total Operating Expenses and Equipment**Total Budget Request**

Fund Summary

Fund Source - State Operations

9745 - California Health and Human Services Automation Fund

Total State Operations Expenditures**Total All Funds**

Program Summary

Program Funding

0290 - Office of Systems Integration

Total All Programs

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	201	0	0	0	0
Total Salaries and Wages	\$0	\$201	\$0	\$0	\$0	\$0
Total Staff Benefits	0	96	0	0	0	0
Total Personal Services	\$0	\$297	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	483	483	483	483	483
5324 - Facilities Operation	0	986	986	986	986	986
5340 - Consulting and Professional Services - External	0	26,558	26,558	26,558	26,558	26,558
5344 - Consolidated Data Centers	0	339	339	339	339	339
Total Operating Expenses and Equipment	\$0	\$28,366	\$28,366	\$28,366	\$28,366	\$28,366
Total Budget Request	\$0	\$28,663	\$28,366	\$28,366	\$28,366	\$28,366

Fund Source - State Operations						
9745 - California Health and Human Services Automation Fund	0	28,663	28,366	28,366	28,366	28,366
Total State Operations Expenditures	\$0	\$28,663	\$28,366	\$28,366	\$28,366	\$28,366
Total All Funds	\$0	\$28,663	\$28,366	\$28,366	\$28,366	\$28,366

Program Funding						
0290 - Office of Systems Integration	0	28,663	28,366	28,366	28,366	28,366
Total All Programs	\$0	\$28,663	\$28,366	\$28,366	\$28,366	\$28,366

(DOLLARS IN THOUSANDS)

BCP Title: Child Welfare Digital Services

DP Name: 0530-306-BCP-DP-2016-A1

Personal Services Details

Salaries and Wages

TH00 - Temporary Help

Total Salaries and Wages

CY	BY	BY+1	BY+2	BY+3	BY+4
0	201	0	0	0	0
\$0	\$201	\$0	\$0	\$0	\$0

Staff Benefits

5150350 - Health Insurance

5150600 - Retirement - General

Total Staff Benefits

Total Personal Services

0	45	0	0	0	0
0	51	0	0	0	0
\$0	\$96	\$0	\$0	\$0	\$0
\$0	\$297	\$0	\$0	\$0	\$0

(DOLLARS IN THOUSANDS)

A. Budget Request Summary

This Spring Finance Letter requests an augmentation of \$32.1 million for CDSS in combined state and federal funding and \$28.66 million in expenditure authority at OSI for the duration of the project lifecycle to support the costs of developing and implementing a replacement for CWS/CMS, inclusive of modernizing the State's children's residential facility licensing capability. These costs include state, county, and vendor costs, as well as project support costs. Additionally, budget bill language is being requested which will allow the Department of Finance to increase project funding beyond the appropriation amount upon approval of project documents up to a specified amount. The budget bill language will also allow project funding to be transferred to state operations for project related activities and includes project accountability via reporting requirements.

B. Background/History

The State has commenced several efforts to replace the current CWS/CMS, which is used by 20,000 county social workers to serve and protect the health and safety of children, youth, and their families in California. In November 2015, the State changed its typical procurement approach, from a monolithic multi-year Request for Proposal (RFP) estimated to cost over \$500 million and take 5-7 years before implementation, to instead pursue an agile development approach for numerous smaller modules of functionality reflecting the same ultimate scope as the prior efforts. This change in approach will deliver necessary functionality to counties, licensing staff, and other users much faster and with less risk than previous efforts. The proposed approach entails short development "sprints" that are user-centric in design to produce needed functionality that actually works after each sprint and therefore can be made available to county and state workers, rather than waiting for a multi-year development effort to complete before validation of an end-product.

C. State Level Considerations

The State of California must improve the technology used for child welfare and licensing. Implemented many years ago, the current systems do not deliver the necessary functionality and information to county and state end-users in a user-friendly and user-accessible manner. Their shortcomings, including aging mainframe architecture and unsupported software, a lack of mobile access for workers in the field, and no client self-service case information functionality, are well-documented in planning and procurement documents for CWS/CMS and licensing system replacement efforts. Previous efforts to modernize or replace the current systems have not been completed or were determined to be unlikely to be successful, but have contributed greatly to understanding the essential scope and functions of the CWDS project. The proposed iterative approach for sequentially developing and implementing various functionalities represents the greatest likelihood of success for adequately protecting children, youth, and their families in a timely manner.

D. Justification

The proposed approach for the Child Welfare Digital Services project represents a new approach for state information technology development processes. Previously, large projects were pursued using a "waterfall" approach, which relies on a multi-year procurement and development process to produce a product reflecting pre-defined requirements, which is not tested and validated until completion of the entire development process. For projects of significant size, such as CWDS, this entails a multi-year period of managing a large system integration vendor, with little insight to the ultimate product until the development effort is complete. Demonstrating the value of this approach also will allow other large projects, such as Medi-Cal Eligibility Determination System (MEDS), to take a similar approach utilizing the experience and knowledge learned from the CWDS approach.

For the following reasons:

- uncertainty in the agile development process;
- the need to be flexible in our administrative processes and contracting;
- uncertainty in vendor competition and performance; and

Analysis of Problem

- o wanting to assure counties and the Legislature that we are committed to implementing a full solution, rather than potentially stopping CWDS after development of just a few functionalities,

...the departments involved in the CWDS effort are requesting a \$32.1 million appropriation that still preserves Department of Finance, California Department of Technology, and legislative oversight.

E. Outcomes and Accountability

Successful execution of CWDS will deliver its benefits sooner, and with less risk than prior project management approaches. The iterative approach to developing individual functionalities allows rapid development and validation of services and thus vendor performance, and gives county and state end-users immediate guidance and direction and approval of development decisions and user interfaces. This allows problems to be identified and corrected within weeks rather than years, ensuring that the CWDS services optimally meet program needs as the development progresses. This results in a vastly diminished need to plan for major testing, validation, and defect correction at the end of a multi-year development process, with commensurate reduction in the ultimate need to balance program needs and desires with the cost of making further changes.

F. Analysis of All Feasible Alternatives

Other approaches for CWS/CMS and licensing system replacement already have been attempted. This proposed approach breaks the monolithic project approach into much more manageable pieces and requires the open-source code development process to be done in even smaller more rapid pieces, thus providing assurance of measurable and visible progress throughout the duration of the effort.

Option 1:

Create a State Information Technology Revolving Fund. Analogous to the State's Architectural Revolving Fund for state facilities and tenant improvements, appropriations could be transferred into the revolving fund to ensure their multi-year availability for the CWDS effort, on an as-needed basis as the project dynamically evolves, while still retaining control agency and legislative oversight. This funding model could be utilized for other projects as well, protecting state estimates of project costs that would improve vendor cost competition.

G. Implementation Plan

The proposed schedule of functionality development for CWDS is provided as an attachment. Requests for proposals (RFPs) for the first two functionalities, for an application programming interface for the existing CWS/CMS to allow newly developed functionalities to communicate with the base system and for child welfare intake functionality, were released on December 21, 2015. The next two RFPs, for children's residential facility licensure and child welfare case management functionalities, are under development. CWDS will provide periodic progress updates to stakeholders, control agencies, and the Legislature.

H. Supplemental Information

The proposed schedule and budget bill language are attached to this proposal. Pursuing an ongoing appropriation and accompanying budget bill language for state operations and local assistance costs will maintain fiscal controls, provide necessary flexibility and accountability as the CWDS effort progresses, and will assure county partners that adequate resources exist for the development of the necessary functionality (as a prior CWS/CMS replacement effort stalled partially due to lack of funding availability).

I. Recommendation

Approve the proposal, including associated budget bill language.

Attachment 1: Budget Bill Language for California Department of Social Services

Add Provision 11 to Item 5180-151-0001:

11. (a) Of the funds appropriated in Schedule (1) of this item, \$29,179,000 is for the support of activities related to the Child Welfare Services-New System (CWS-NS) project. Expenditure of these funds is contingent upon approval of project documents by the Department of Finance and the Department of Technology. This amount may be increased by the Department of Finance, up to a maximum of \$5,000,000 during the 2016-17 fiscal year, upon approval of revised project documents. Any such increase shall be authorized upon notification to the Legislature.
- (b) The Department of Finance may authorize the transfer of funds appropriated for the CWS-NS project in Schedule (1) of this item to Item 5180-001-0001 for project-related activities, including but not limited to necessary personal services expenditures, interagency agreements, and contracts.
- (c) The Department of Social Services, in coordination with other state entities and counties involved in the CWS-NS project efforts, shall: (1) provide stakeholders, counties, and the Legislature project status reports monthly, including newly executed contracts, their purpose, and cost; and (2) convene a regularly scheduled quarterly forum to provide project updates to stakeholders and legislative staff. The forums shall include updates on the progress of project development and implementation; expenditures incurred to date; significant issues and risks overcome in the prior quarter and presently being addressed; and upcoming project milestones and significant events.

Amend Provision 1 in Item 5180-151-0890 as follows:

"1. Provisions 1, 3, and 5, and 11 of Item 5180-151-0001 also apply to this item."

Attachment 2: Budget Bill Language for Office of Systems Integration

Add provisional language to Item 0530-001-9745 as follows:

5. Notwithstanding Provision 1, the Department of Finance is authorized to increase expenditure authority in this item to support project management activities associated with the Child Welfare System-New System project.

Attachment 4: CWDS Project Bridging Document

Attachment 2 provides a display of all budget changes proposed in this SFL. The Budget column is the line item of expense to which the project budgets to. Each subsequent column identifies the budget and the budget change as requested in this SFL.

BUDGET (All dollars in thousands)	FY 16-17 Budget	BL Adjust.	BCP Request	BCP Redirect	FY2016-17 Governors Budget	FY 16-17 Proposed Budget	SFL Redirection	SFL Request
OSI Costs								
CWS-NS Project								
Personnel Services	2,874.00	85.00	156.00	946.00	4,061.00	4,358.00	-	297.00
Consultant Services	-	-	-	-	-	-	-	-
County Consultants	653.00	-	-	-	653.00	1,604.00	-	951.00
Project Support Consultants	2,912.00	-	-	-	2,912.00	4,888.00	-	1,976.00
Module Vendor(s)	-	-	-	-	-	10,484.00	-	10,484.00
Implementation Vendor(s)	-	-	-	-	-	9,619.00	-	9,619.00
Operations Support Vendor(s)	-	-	-	-	-	3,528.00	-	3,528.00
Data Center Services	237.00	-	-	-	237.00	576.00	-	339.00
Facilities	40.00	-	-	-	40.00	1,026.00	-	986.00
OE&E	899.00	18.00	15.00	530.00	1,462.00	3,150.00	-	1,688.00
CWS/CMS Redirected Funding	-	-	-	(1,476.00)	-	-	(1,205.00)	(1,205.00)
Total OSI Costs	7,614.00	103.00	171.00	-	9,365.00	39,233.00	(1,205.00)	28,663.00
CDSS Local Assistance Costs								
CWS-NS Project								
Consultant Services	2,270.00	-	113.00	-	2,383.00	6,341.00		3,958.00
Training Costs	77.00	-	91.00	-	168.00	168.00		-
OE&E	332.00	-	-	-	332.00	332.00		-
County Participation Costs						9,451.00		9,451.00
CWS/CMS Redirected Funding							(10,000.00)	(10,000.00)
Total CDSS Local Assistance Costs	2,679.00	-	204.00	-	2,883.00	16,292.00	(10,000.00)	3,409.00
Total Local Assistance (OSI + CDSS)	10,293.00	103.00	376.00	1,476.00	12,248.00	55,525.00	(11,205.00)	32,072.00
Funding Split (General Fund)	5,147.00	52.00	188.00	738.00	6,125.00	27,039.00		16,036.00
Funding Split (Federal Fund)	5,146.00	51.00	188.00	738.00	6,123.00	27,038.00		16,036.00
Total CDSS State Operations	2,832.00	-	-	-	2,832.00	2,832.00		-
Total Project Budget	13,125.00	103.00	376.00	1,476.00	15,078.00	58,357.00	(11,205.00)	32,074.00